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November 17, 2019

VIA ECF

Honorable Paul G. Gardephe
United States District Judge
United States District Court
Southern District of New York
40 Foley Square, Room 2204
New York, New York 10007

Re: MEF I, LP v. ShiftPixy, Inc., 19 Civ. 8019 (PGG)

Dear Judge Gardephe:

We represent defendant ShiftPixy, Inc. (“ShiftPixy”) in this action. I am writing in connection with the pending motion of plaintiff MEF I, LP (“MEFI”) for a restraining order and for an order appointing itself an equitable receiver of the assets and operations of ShiftPixy. At the outset, I apologize for submitting this letter and enclosure so near in time to the hearing on the motion scheduled for November 20. The matter I address here, and its potential import, was unknown to us until Friday, November 15, 2019.

On that day, we learned that the U.S. Securities and Exchange Commission has filed an action in the Southern District of New York, generally alleging fraud under the securities laws, against Joshua Sason and other defendants. The action was filed in February of this year and is captioned *Securities and Exchange Commission v. Joshua Sason, et al.*, U.S. District Court, Southern District of New York, 19-cv-01459 (LAP). PACER indicates that Sason and the Sason-related entities have moved to dismiss the SEC’s complaint. The motion appears to have been *sub judice* since in or about July.

The first named defendant in the SEC’s action, Joshua Sason, is the declarant who, on behalf of plaintiff MEFI here, executed the moving declaration in support of the motions currently before this Court. In his declaration, he states that he is “the Manager of the General Partner of [plaintiff MEFI].” Among other defendants named in the SEC’s action are limited liability companies Magna Management, LLC and Magna Equities II, LLC, and a corporation, MG Partners Ltd. The complaint alleges that Sason is the owner of the two LLCs and a 50% owner of the corporation.

Although we do not know the precise organizational structure of these entities, it would appear that all are affiliates of plaintiff MEFI. Not only is Sason alleged to be associated with all these entities, but investigation discloses that all share the same physical address at 40 Wall Street.

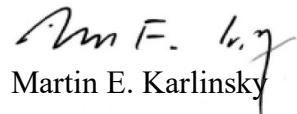
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And although MEFI's moving papers do not identify the general partner of MEFI, on whose behalf Sason is acting in this case, it may be reasonable to assume that MEFI's general partner too is affiliated with these entities.

In our opposition papers on MEFI's motion in this Court, we did not directly address the specific question whether MEFI could qualify as a receiver of a public company, the role it seeks to assume here, principally because MEFI's sole argument for a receivership was a contractual designation. Since MEFI acts, and has acted in this case, through Sason, however, and since Sason and what appear to be related entities to MEFI are the defendants in the SEC action described above, we think this now raises serious questions on MEFI's qualifications.

Should the Court be inclined in any way to grant the relief MEFI seeks here, we ask that we be given an opportunity to address that issue including, potentially, by seeking discovery and an evidentiary hearing.

Respectfully,



Martin E. Karlinsky

MEK/ks

cc: Paul Rachmuth, Esq. (via ECF)
Attorney for Plaintiff